

## Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 IO-13 ISO-00 L-03 FRB-03 OMB-01  
ITC-01 SP-02 USIA-06 AGRE-00 AID-05 CIAE-00  
COME-00 INR-10 LAB-04 NSAE-00 OIC-02 SIL-01  
STR-07 TRSE-00 CEA-01 SS-15 /093 W  
-----017111 081425Z /41

P 081250Z MAR 78  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC PRIORITY 6426  
INFO USMISSION GENEVA PRIORITY  
AMCONSUL RIO DE JANEIRO  
AMCONSUL SAO PAULO

C O N F I D E N T I A L SECTION 1 OF 2 BRASILIA 1771

E.O. 11652: GDS  
TAGS: EFIN, UNCTAD, BR  
SUBJ: UNCTAD TDB MEETING ON DEBT: FONMIN'S VIEW

REFS: A) STATE 52012, B) STATE 48053, C) STATE A-0451

1. SUMMARY. GOB WILL SUPPORT G-77 POSITION ON DEBT  
RELIEF FOR LDCS AT UNCTAD TDB MEETING, BUT DOES NOT  
EXPECT ANY RESOLUTION OF LDC DEBT ISSUE TO COME OUT  
OF THIS MEETING. END SUMMARY.

2. ECONOFFS CALLED ON COUNSELOR PEDRO PAULO ASSUMPCAO,  
CHIEF OF FONMIN'S FINANCIAL POLICY DIVISION, MARCH 6 TO  
DISCUSS UNCTAD TDB MINISTERIAL ON LDC DEBT (REF A).  
ASSUMPCAO WAS QUITE KNOWLEDGEABLE ON LDC DEBT ISSUE  
AS HE HAD BEEN INVOLVED WITH THIS ISSUE SINCE IT FIRST  
Arose AT 1976 MANILA G-77 MEETING; HE ATTENDED BOTH  
UNCTAD IV AND CIEC MEETINGS DISCUSSING  
IT. (GENERO ANTONIO MUCCIOLO, ASSUMPCAO'S DEPUTY,  
ALSO SAT IN ON MEETING BUT DID NOT PARTICIPATE.)

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3. ASSUMPCAO BEGAN, AT EMBOFF'S SUGGESTION, BY SUM-  
MARIZING HIS PERCEPTION OF GROUP-B POSITION ON ISSUE,  
WHICH HE SAW AS ESSENTIALLY THE MAINTENANCE OF THE  
STATUS QUO, I.E., DEBT RELIEF ON A CASE-BY-CASE BASIS.  
HE THEN OFFERED HIS ASSESSMENT OF THE POSSIBILITY  
THAT THE TDB MEETING WOULD RESULT IN REAL PROGRESS  
ON THE LDC DEBT ISSUE; HIS VIEW WAS THAT CHANCES

WERE EXTREMELY SLIM THAT THE MEETING WOULD HAVE POSITIVE RESULTS. HE SAID THAT THE LDC'S WERE FIRM IN THEIR DEMAND FOR DEBT RELIEF (HE NOTED THAT THE G-77 POSITION HAD REMAINED VIRTUALLY UNCHANGED FROM MANILA THROUGH CIEC). THE DCS ALSO APPEARED FIRM. IN HIS VIEW ONLY IF THERE WAS MOVEMENT BY DCS COULD THE MEETING ACHIEVE RESULTS, BUT HE VIEWED THIS EVENTUALITY AS UNLIKELY.

4. ASSUMPCAO CAREFULLY NUANCED HIS AFFIRMATIONS OF G-77 AND GROUP-B SOLIDARITY. HE DESCRIBED THE G-77 POSITION AS ONE CAREFULLY BALANCED BETWEEN THE OFTEN CONFLICTING INTERESTS OF INDIVIDUAL G-77 COUNTRIES. HE PARTICULARLY EMPHASIZED THAT THE G-77 WAS ONLY CALLING FOR RENEGOTIATION OF DEBT FOR INTERESTED PARTIES. HE HINTED THAT THE GOB HAD ACCEPTED THE G-77 CALL FOR GENERALIZED DEBT RELIEF IN RETURN FOR SOFTER G-77 LANGUAGE ON DEVELOPMENT OF GUIDELINES FOR DEBT RENEGOTIATION.

5. (COMMENT: AT AN INFORMAL ENCOUNTER THE PREVIOUS WEEK, ASSUMPCAO HAD EXPLAINED GOB POSITION ON LDC DEBT ISSUE TO ECONOFF IN A LESS RESERVED MANNER. ASSUMPCAO STATED AT THAT TIME THAT BRAZIL, LIKE THE US, WAS OPPOSED TO GENERALIZED DEBT RELIEF. HE  
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GAVE THE IMPRESSION THAT BRAZIL HAD LOBBIED FOR G-77 LANGUAGE ON DEBT RENEGOTIATION FOR "INTERESTED COUNTRIES," SUGGESTING THAT BRAZIL, WITH ITS LARGE PRIVATE DEBT AND GOOD CREDIT STANDING, WAS OBVIOUSLY NOT AN "INTERESTED COUNTRY." END COMMENT.)

6. SEVERAL TIMES DURING THE MARCH 6 CONVERSATION ASSUMPCAO ALLUDED TO LACK OF COHESIVENESS WITHIN GROUP-B ON LDC DEBT ISSUE, AND SPECIFICALLY MENTIONED SCANDINAVIAN INITIATIVES. HE SEEMED TO IMPLY THAT THE US WAS BECOMING ISOLATED ON THIS ISSUE.

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C O N F I D E N T I A L SECTION 2 OF 2 BRASILIA 1771

7. AT ONE POINT DURING CONVERSATION ECONOFFS ATTEMPTED TO ENGAGE ASSUMPCAO IN DISCUSSION OF GROUP-B PAPER ON LDC DEBT (REF C). HE WAS OBVIOUSLY FAMILIAR WITH THE PAPER, BUT DISMISSED IT AS ONE-SIDED. ECONOFFS ATTEMPTED TO DISABUSE HIM OF THIS NOTION, BUT ASSUMPCAO REVEALED GENERAL LACK OF INTEREST IN SUCH PAPERS, WHETHER FROM GROUP-B OR G-77: "THESE PAPERS COME AND GO, BUT THE PROBLEMS REMAIN."

8. IN PRESENTING TALKING POINTS (REF A), ECONOFFS GAVE PARTICULAR EMPHASIS TO FACT THAT DEBT RELIEF WOULD NOT RESULT IN INCREASING OVERALL RESOURCE FLOW TO LDCA SINCE DEBT RELIEF WOULD GENERALLY BE DISCOUNTED FROM ODA FLOWS. ECONOFFS ALSO STRESSED PROBLEMS THAT ANY GENERALIZED DEBT RELIEF PROGRAM WOULD HAVE IN CONGRESS, WHICH WOULD DEMAND CASE-BY-CASE ANALYSIS IN ANY CASE. ECONOFFS MENTIONED THAT US HAD MADE THESE POINTS TO UNCTAD SYG COREA DURING HIS RECENT WASHINGTON VISIT (REF B), AND ADDED US OBSERVATION THAT COREA'S RETROACTIVE AID CONCEPT ALSO WOULD INVOKE CONGRESS' LEAST DEVELOPED AND HUMAN RIGHTS CRITERIA.  
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ASSUMPCAO NO CONCERN AND COUNTERED BY SAYING THAT THE CIEC SPECIAL ACTION PROGRAM ESPOUSED BY THE DCS ALSO BROUGHT NO ADDITIONAL AID. THAT IS, DCS MAINTAINED THEIR REGULAR ODA FLOWS BUT CALLED THEM BY A DIFFERENT NAME.

9. ASSUMPCAO WAS NON-COMMITTAL ON FUTURE OF LDC DEBT ISSUE IF, AS HE PREDICTED, TDB MEETING DID NOT RESOLVE

ISSUE. HE HINTED THAT IT COULD EVENTUALLY GO TO A  
MORE "POLITICAL" FORUM BUT DECLINED TO BE MORE SPECIFIC.  
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## Message Attributes

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Declassified/Released  
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20 Mar 2014  
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